

15 SEP 1975

MEMORANDUM FOR: Acting Director of Logistics

SUBJECT : Procurement of Common-Use Items

REFERENCE : Ltr dtd March 24, 1975, to Heads of Civil Departments and Agencies fr Comptroller General of the United States.
Subj: Possible Savings in Procurement of Goods and Services

1. By means of a "Report to the Congress" dated 31 December 1974, the General Accounting Office (GAO) of the Comptroller General noted that:

a. General Services Administration (GSA), with minor exceptions, is responsible, under law, for procurement and supply of goods and services to federal agencies.

b. During FY 1973, GSA did, in fact, provide goods and services valued at \$1.7 billion to Executive Branch agencies. During this same period, however, agencies which should have procured most, if not all, of their requirements from GSA spent an additional \$1.4 billion with commercial sources for identical or similar goods and services available from GSA sources.

c. Average savings realized through use of GSA sources is figured to be 23 percent as compared to commercial prices.

2. By coincidence, an independent study prepared by Logistics Services Division (LSD) during March and April 1975 addressed the same subject, i.e., GSA versus commercial sources, but with some rather different conclusions. Based on a selected, but representative, list of 22 fast moving standard stock items, it appears that we could have saved \$71,000 last fiscal year had we purchased our requirements for those items in the commercial market (attachment A).

3. We have reviewed the entire subject in an effort to reconcile the apparent differences noted above and have established some key factors which appear to preclude any general Agency policy permitting commercial acquisition of common-use supplies normally obtained from GSA. The governing Federal Regulations are very explicit as to our responsibilities in this respect. For example, paragraph 101-25.101-5, chapter 101, of the Federal Property Management Regulations states:

OL 5 4668

SUBJECT: Procurement of Common-Use Items

"The following criteria shall govern in determining whether an item should be supplied through local purchase:

- (a) Urgency of need requires local purchase to assure prompt deliveries;
- (b) The items are perishable or subject to rapid deterioration which will not permit delay incident to shipment from distant points;
- (c) The local purchase is within applicable limitation established by the Agency head; or
- (d) Local purchase will produce the greatest economy to the Government."

4. Heretofore, we have procured commercially only those items falling within the "urgency of need" category and the LSD proposal opens for discussion the possibility of greater economy through local purchase which is in direct contravention to the GAO findings and recommendations. Here again the controlling Federal Regulation is both explicit and limiting, permitting such action only when prior authority has been obtained from the Commissioner, Federal Supply Service, GSA. As can be seen (attachment B), such authority will not be granted easily, a fact confirmed by the Chief, Supply Division (SD).

5. On balance, the Office of Logistics is complying with both the letter and the intent of existing Federal Regulations. Following are summaries of how we obtain common-use items.

a. Interdepartmental Support Branch, SD - The bulk of items procured (55 percent) come from Defense Supply Agency and not GSA. The balance of those items procured come from established GSA sources with the exception of rather insignificant demands on such other Government sources as the Departments of Army, Air Force, and Navy.

b. General Procurement Branch, Procurement Division - Although 67 percent of this unit's workload reflects commercial procurement, this source is only used when requirements cannot be obtained through existing Federal Schedule contracts or other Government sources. Commercial acquisitions fall logically within the emergency concept.

c. Small Purchases Branch, [redacted] - Most of this unit's acquisitions come from GSA controlled sources. Those items procured from commercial firms all fall within the emergency category.

SUBJECT: Procurement of Common-Use Items

STAT

d. Building Services Branch (BSB), LSD - As a general rule, BSB either requisitions from [redacted] or obtains items from GSA. Material is obtained from commercial sources only when not available, or some times when back ordered from GSA. It must be noted that lengthy GSA back orders are not uncommon. For example, in August an order was placed with GSA for ordinary staples. GSA notified us that staples would not be available before April 1976. Another typical item is dictionaries ordered last May but not to be delivered until April 1976. Quantities of both of these items might have to be procured commercially even though they are included in the list of things we must buy from GSA.

6. One interesting fact developed during the course of this review concerns the almost cyclic variation of prices for specific commodities. It is evident that most of the time, and for most items, GSA is a less costly source of the material it provides. This is true even for the 22 specific items listed in attachment A even though at the time commercial quotations were obtained they were less than the GSA quoted prices. The probable cause of this phenomenon is the necessity for GSA to survey the market and to insure adequate supplies of those items they believe may be entering a shortage phase-- even if it is necessary to pay premium prices to insure adequate inventories. The frequent, and obvious, end result of this approach, of course, is a situation in which a shortage or drastic price increase doesn't occur and GSA is caught with a high-price commodity which it must sell at a price higher than the current market price. This factor is discussed in the GAO report. It follows logically then that at any given time there will be some items stocked by GSA at a higher cost than the current market price. This is not adequate justification to procure commercially, however, as the next GSA buy will reflect the lower prices dictated by the supply and demand interplay involved. This fact is accepted by LSD.

7. To summarize:

- a. The bulk of our procurements of common-use items are made through proper channels within the intent of the governing Federal Regulations.
- b. There really is no overall saving inherent in commercial procurement of even selected items as GSA will normally provide the financial benefits of bulk buying at the best possible price.
- c. There will continue to be limited buys in the commercial market for those common-use items not immediately available through GSA.

SUBJECT: Procurement of Common-Use Items

d. In any event, it would be extremely difficult, if not impossible, to obtain the necessary waiver to permit the Agency to have free access to the commercial market.

8. Based on the totality of the very complicated picture outlined above, it is our recommendation that we continue on with our current approach to procurement of common-use items. This approach has met the dual tests of time and performance throughout the Agency.



STAT

Chief, Plans and Programs Staff, OL

Atts

Distribution:

0 + 1 - Adse, w/atts & Ref
C - OL/P&PS/Official, w/atts

STAT OL/P&PS: [redacted] (15 Sep 75)

cc: C/LSD/OL, w/att B
C/PD/OL, w/att B
C/SD/OL, w/att B

Next 1 Page(s) In Document Exempt

ADMINISTRATIVE — INTERNAL USE ONLY

17 APR 1975

MEMORANDUM FOR: Chief, Plans and Programs Staff, OL ✓
Chief, Procurement Division, OL
Chief, Supply Division, OL

SUBJECT : Cost Effectiveness of Present Requisitioning/
Procurement Procedures

STAT 1. This Division does on occasion make small emergency purchases of so-called standard stock items for special customer short leadtime requirements or to tide us over pending delivery of stock on order. This has led us to do some comparison shopping with what I feel are amazing results. Attachment A, the product of considerable research by [redacted] reflects a possible annual savings of \$71,000 were we to obtain the items listed therein from commercial sources as opposed to requisitioning them from GSA stores stock. Attachment B represents quotations provided by local merchants. As [redacted] says, this is enough to cause us to wonder as to the relative values of the massive GSA centralized procurement system.

2. It would seem to us that in this case adherence to long-established procedures may well win us the accolade of the year for being nice guys that follow the rules, but there are Pyrrhic implications in such an award, particularly in view of the \$71,000 and the current budget climate. Perhaps we should think about having PD establish a few BPA's with Stott, Ginn, et al., for LSD/BSB use provided we can have GSA provide the necessary waiver. We may just have sufficient justification for BSB as it has a minimal stock - direct-use type of operation. For [redacted] stocks, I am not at all sure. In any event, it will take good coordination and cooperation on the part of all divisions concerned, and if we can have those good things without committee meeting this problem to death we will all be ahead. [redacted] is our representative. May we hear from you?

STAT

STAT

STAT

STAT

[redacted]
Chief
Logistics Services Division, OL

Att

cc: C/B&FB/OL

OL 5 10,104

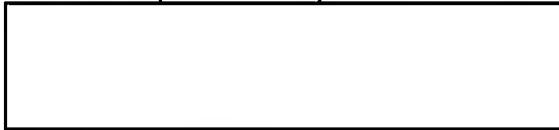
8 April 1975

MEMORANDUM FOR: Chief, Logistics Services Division, OL
THROUGH : Chief, Building Services Branch, LSD/OL
SUBJECT : GSA Schedule Prices vs. Open Market Prices

1. The items on the attached listing are currently being procured from General Services Administration. Also attached are current quotations from three commercial vendors for similar items.

2. The listing is self-explanatory and represents a savings of \$70,864.00 per year to the Agency if we could procure selected items on the open market.

3. As an additional savings idea, if 10,000 people in Headquarters Metropolitan Area saved one paper clip per working day ($10,000 = 10 \text{ boxes} \times \$4.00/\text{Bx} \times 252 \text{ days per year}$) we could save an additional \$10,080.00 per year.



STAT

Chief,
Acquisition & Control Section
Building Services Branch, LSD/OL

Att

STAT

Approved For Release 2003/05/06 : CIA-RDP87-01146R000100030004-6

Next 1 Page(s) In Document Exempt



EVERYTHING FOR THE OFFICE

BALTIMORE • WASHINGTON • RICHMOND

April 3, 1975

Central Intelligence Agency

STAT

This letter will confirm our conversation of two weeks ago in reference to pricing on items that you might purchase on the open market from the M. S. Ginn & Co.

Items and prices will be as follows:

Item Number:

4020-241-8881 Twine
 7210-205-1175 Cushion
 7220-457-6046 Chair Mat
 7220-457-6054 Chair Mat
 7220-205-3182 Chair Mat
 7510-285-5995 Binder Clips
 7510-223-6807 Binder Clips
 7510-282-8201 Binder Clips
 7510-161-4292 Paper Clips
 7510-687-7867 Wite-Out
 7510-171-1123 Reinforcements
 7510-161-4284 Fasteners
 7510-223-6814 Fastener Bases
 7510-223-6815 Fastener Bases
 7510-254-9054 Finger Pads
 7510-254-9065 Finger Pads
 7510-254-9056 Finger Pads
 7510-991-1816 Ko-rec-type
 7510-162-6166 Paperweight
 7510-281-5234 Pencils
 7510-286-5757 Pencils
 7510-286-1407 Sheet Protectors
 7510-205-1439 Rubber Bands
 7510-205-1438 Rubber Bands
 7510-243-3434 Rubber Bands
 7510-243-3435 Rubber Bands
 7510-272-9662 Staples
 7520-264-5479 Book Ends

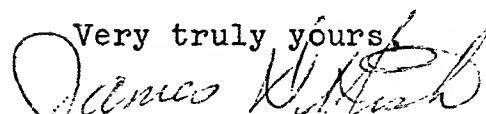
Current Price:

.71 per ball X
 2.54 each X
 19.90 each X
 23.80 each X
 31.30 each X
 1.71 per doz. ✓
 .72 per doz. X
 .48 per doz. X
 1.47 per M ✓
 .39 per bottle ✓
 .16 per 150 ✓
 .78 per box of 50 X
 .98 per box of 100 X
 .87 per box of 100 X
 .065 each X
 .065 each X
 .065 each X
 .23 per pkg. ✓
 .86 each X
 .29 per doz. ✓ GSA 330 32
 .29 per doz. ✓
 .06 each X
 .28 per box ✓
 .28 per box ✓
 .28 per box ✓
 .28 per box ✓
 .47 per box X
 .67 per pair X

Item Number:Current Price:

7520-285-3145	Wood Card Box	5.29 each✓	
7520-285-3146	Wood Card Box	6.90 each✓	
7520-286-6957	Card File	1.38 each 1.85 GSA	150/11 ✓
7520-286-6959	Card File	2.00 each 2.55 GSA	150/4 ✓
7520-281-5918	Clipboard	.37 each .41 GSA	450/4 ✓
7520-240-5503	Clipboard	.39 each .40 GSA	500/4 ✓
7520-550-6501	Copyholder	18.00 each✓	
7520-286-1726	Everyday File	2.12 each✓	
7520-286-1724	Everyday File	2.70 each✓	
7520-171-1120	List Finder	1.78 each✗	
7520-162-7109	Numbering Machine	34.90 each✗	
7520-281-5895	Stapler	3.60 each✗	
7530-247-0318	Index Cards	1.73 per M✓	
7530-247-0325	Index Cards	1.73 per M✓	
7530-243-9436	Index Cards	3.88 per M✓	
7530-243-9437	Index Cards	3.88 per M✓	
7530-261-3801	Card Guides	1.05 per C✓	
7530-574-7172	Card Guides	.39 per set✗	
7530-249-5969	Card Guides	.39 per set✗	
7530-261-3804	Card Guides	1.05 per C✓	
7530-861-1272	Card Guides	.95 per set✗	
7530-285-1689	Card Guides	.58 per set	
7530-261-3819	Card Guides	1.98 per C✓	
7530-261-3818	Card Guides	1.98 per C✓	
7530-261-3813	Card Guides	.73 per set	
7530-223-7939	Steno Notebooks	2.90 per doz✓	
7530-263-2782	Columnar Pads	.62 each✗	
7530-253-2537	Columnar Pads	.62 each✗	
7530-073-1131	Columnar Pads	.62 each✗	
7530-880-2558	Columnar Pads	1.02 each✗	
7530-825-0234	Columnar Pads	1.11 each✗	
7530-285-3083	Pads (50 sheet)	2.17 per doz. 5.80 D2✓ 1800 D2/YR	
7530-286-6173	Pads (50 sheet)	2.02 per doz. 6.30 D2✓ 1800 D2/YR	
7530-285-3090	Pads (100 sheet)	.73 per doz. 1.50 Pkg/24X 2800 D2/YR	
7530-239-8479	Pads (100 sheet)	1.74 per doz. 2.14 Pkg/24X 2800 D2/YR	
7530-228-2096	Duplicating paper (10-1/2x8)	1.36 per ream✗	
7530-224-6754	Duplicating Paper (14x8-1/2)	1.76 per ream✗	
7610-527-2849	Dictionary (as per sample)	6.14 each✗	
8135-290-3407	Kraft Wrapping Paper (24")	15.04 per roll✗	
8135-160-7764	Kraft Wrapping Paper (36")	22.56 per roll✓	
8305-205-3496	Cheesecloth (10 yds.)	1.56 per bolt✓	

Please keep in mind that any orders placed for any of these items must conform to the manufacturers standard packaging and that in some instances there would be minimum orders involved.

Very truly yours,

 James D. Hish
 Sales Representative

Prices quoted by John J. Rutledge - Chas. G. Stott & Co. Inc. 4/1/75

XXXXX

Ko-Rec-Type	Matchbook Sheet	\$2.16/Box of 12 books .75/pkg of 5 sheets
Sponge Cups #1GC		.22 each
Steno Books		.32 book
Kraft Wrapping Paper , 50 lb.		10.13 roll
Shears, 7" #807		2.75 each
Paper Clips #1 Gem		1.83 M
Sno Pake Correction fluid		1.12 each
TD 909 gummed reinforcements		.43 box of 175
pencils #1 #1492 10 gross lots/9.00 gross #2 Stott Sterling 6.03 gross		.75 dz .50 dz
Sheet Protectors 50/Box		6112 box
Waste Baskets #34 metal #2956 rubbermaid		3.33 ea 2.30 ea
Stapler		3.96 each
Cheesecloth 5 yds per pkg		.95 pkg

JOHN J. RUTLEDGE

CHAS. G. STOTT & CO., INC.
GOVERNMENT CONTRACT DIVISION
1680 WISCONSIN AVENUE, N.W.
WASHINGTON, D.C. 20007

TELEPHONE:
202/333-5200

INTERSTATE OFFICE SUPPLY CO.

1116 N. FAIRFAX STREET
ALEXANDRIA, VA. 22314
AREA CODE 703 683-5500

page 1

C. I. A.
Procurement Division
McLean, Virginia

4/1/75

STAT

Gentlemen: Following are prices requested by your office for comparison with GSA prices.

7520-281-5895	Stapler, paper fastening	3.20 Each
8135-160-7764	Paper, Kraft, Untreated	17.50 Roll
8305-205-3496	Cheesecloth, 4yd Roll	.35 Roll
7530-223-7939	Notebook, Steno	3.00 Dz <i>12 3.00 .25</i>
7530-263-2782	Pad, Columnar	.75 Each
7530-253-2537	Pad, Columnar	.75 Each
7530-073-1131	Pad, Columnar	.75 Each
7530-880-2558	Pad, Columnar	1.20 Each
7530-825-0234	Pad, Columnar	1.30 Each
7520-264-5479	Book Ends	.90 Each
7520-285-3145	Wood Card Files	3.80 Each
7520-285-3147	Wood Card Files	3.60 Each
7520-285-3146	Wood Card Files	5.40 Each
7520-281-5918	Clip Board File	5.20 Dz <i>12 5.20 ✓</i>
7520-240-5503	Clip Board File	5.40 Dz <i>4.80 4.00</i>
7520-550-6501	Copy Holder	17.00 Each
7520-286-1726	File, Work Organizer	1.50 Each
7520-286-1724	File, Work Organizer	1.95 Each
7510-272-9662	Staples, Paper Fastening	.65 Box
7510-634-1358	Paper, Correction	.55 Box
7510-290-8036	Tape, Pressure Sensitive	3.10 Roll ✓
7510-266-6710	Tape, Pressure Sensitive	3.00 Roll ✓
7510-266-6712	Tape, Pressure Sensitive	1.55 Roll ✓
7510-266-6707	Tape, Pressure Sensitive	4.25 Roll
7510-551-9825	Tape, Pressure Sensitive	.95 Roll
7510-551-9823	Tape, Pressure Sensitive	1.98 Roll
7520-281-5911	Basket, Wastepaper	2.20 Each
7520-H02-9732	Basket, Wastepaper	2.05 Each <i>GLOBE-WERNER</i>
7510-286-1407	Protector, Document	2.50 Box
7510-286-5789	Ring, Looseleaf Binder	2.50 Box/50
7510-286-5787	Ring, Looseleaf Binder	2.79 Box/100

Continued on page two

INTERSTATE OFFICE SUPPLY CO.

1116 N. FAIRFAX STREET
ALEXANDRIA, VA. 22314
AREA CODE 703 683-5500

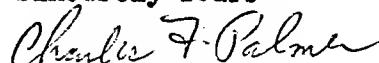
page 2

Continuation of prices requested by your office for comparison with GSA prices.

7510-205-1439	Rubber Band	.39 Box
7510-205-1438	Rubber Band	.39 Box
7510-243-3434	Rubber Band	.39 Box
7510-243-3435	Rubber Band	.39 Box
7510-530-6412	Pad, Typewriter, 14 3/4 x 13 3/4"	1.85 Ea
7510-991-1816	Paper, Correction, Sheets	.19 Pkg
7510-991-1816	Paper, Correction, Match Book	.13 Book
7510-285-5995	Clip, Paper	1.56 Box
7510-223-6807	Clip, Paper	.77 Box
7510-282-8201	Clip, Paper	.60 Box
7510-161-4292	Clip, Paper, Gem Type	1.70 Ctn/1000
7510-687-7867	Correction Fluid, Wite Out	.42 Each
7510-687-7867	Correction Fluid, Liquid Paper	.52 Each
7510-161-6211	Cup, Sponge	3.60 Dz
7510-171-1123	Eyelet, Reinforcement(150 Bx)	.12 Box
7210-205-1175	Cushion, Chair & Stool	3.80 Each
5110-161-6909	Shears, Straight Trimmers	.80 Each
		<i>7 n 8"</i>

Thank you for the opportunity of quoting these items. If there is anything we can help with in the future please let us know.

Sincerely Yours



Charles F. Palmer
Government Sales

Federal Property Management Regulations

Paragraph 101-26.100-2 Request for waivers.

When an agency required to use GSA stock or Federal Supply Schedule items determines that such items will not serve the required functional end-use purpose of the item proposed to be procured, requests to waive the requirement for use of GSA sources shall be submitted to GSA for consideration. (Personal preference and subjective evaluations are not acceptable as sufficient justification for a waiver.) However, a waiver is not required where a desired similar item will be procured at a lower cost from another GSA source in accordance with the policy set forth in paragraph 101.26.100-1 relating to the acquisition of the lowest cost item from GSA sources.

(a) Requests for waivers shall be submitted to the Commissioner, Federal Supply Service, General Services Administration, Washington, DC 20406, and, if considered justified, will be approved. If disapproved, the requesting office will be so notified. Such requests shall contain:

(1) Complete description of the item requested. (Descriptive literature such as cuts, illustrations, drawings, and brochures which show the characteristics or construction of the item or explain its operation should be furnished wherever possible in satisfaction of this requirement.)

(2) Comparison of price and pertinent technical differences between the item requested and the GSA item:

(i) Inadequacies of the GSA item in performing required functions.

(ii) Advantages of the item requested, such as technical, economic, or other.

(3) Quantity required. (If demand is recurrent (estimate annual usage), nonrecurrent, or unpredictable, so state.)

(4) Other pertinent dates when applicable.

(b) Agencies shall not initiate action to procure similar items from non-GSA sources until a request for a waiver has been requested from and approved by GSA. The fact that action to procure a similar item has been initiated will not influence GSA action on a request for waiver.

[36 F.R. 17423, Aug. 31, 1971]

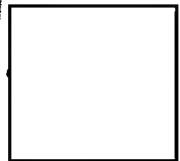
LINE ITEMS

		JUNE 12	JULY 3	AUGUST 41	TOTALS
(1)	Other Government Agencies				56
(2)	FSS/Other Contracts	1067	135	261	<u>1463</u>
(3)	Commercial Sources				<u>1517</u>
	a. Small Business	1133	366	705	2204
	b. Large Business	536	146	316	<u>998</u>
	TOTALS	2748	650	1323	<u>4721</u>

9/10/75

Actions

	JUNE	JULY	AUGUST	<u>TOTALS</u>
(1) Other Government Agencies	7	3	7	17
(2) FSS/Other Contracts	320	66	163	549
(3) Commercial Sources				
a. Small Business	503	182	372	1057
b. Large Business	258	97	171	526
<u>TOTALS</u>	1088	348	713	2149

Judy

STA

DSA - 3955 line items

GSA - 822 line items vendor off CIO

Fed - 2385 line items ~~not known~~

7162

EPS
FBI SS

Kathy

*Also
and of both
most often*

notes an comment Chapter I Intro.

The most significant ~~part of the~~ ~~paragraph~~

Last paragraph on page 1 is the possibility carried in the statement "when GSA determines that such procurement will produce the greatest economy to Government"

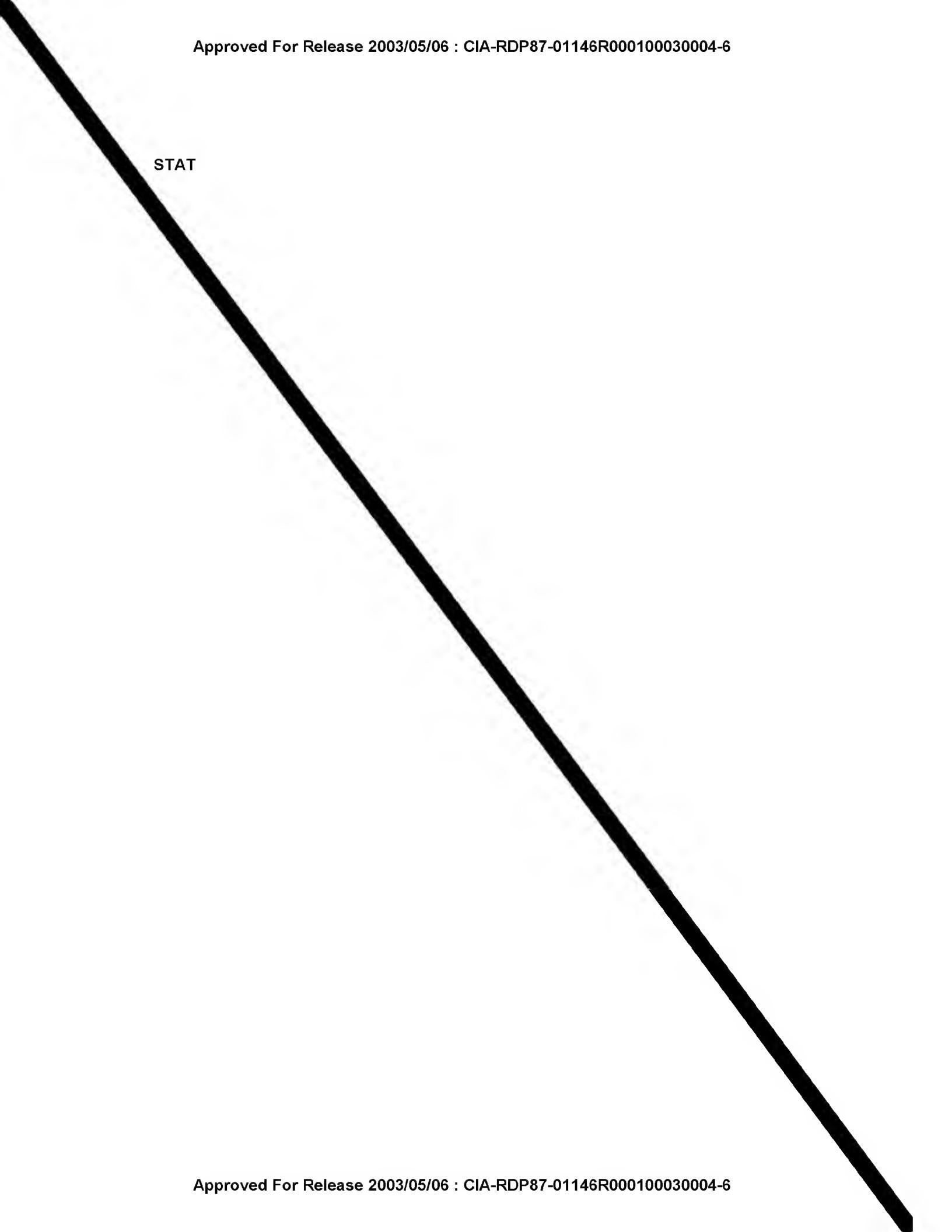
What is unstated and what could have the greatest potential value to us, is a determination as to what element in GSA has the authority to certify that ~~a~~ a given action will produce the greatest economy to the government

*for self defense a different case
as it stands*

The only other comment is that the report, like most reports of this kind give the initial impression that many portentious statements

and perform policy ~~as~~ observations
and recommendations. What
in fact contains is a statement of
some simple truths which were
obvious from the beginning. One
approach to responding to this
assessm^o is to be "holier than
GOD." Impressing concurrence
with the precepts laid down
by GAO. You might want
to site the case of the
6^{0.30} cent per gal anti freeze (6350-
00-664-1403) as opposed to commercially
available equivalents at approximately
\$4.00 per gal and the great difficulty
we in procurement are having
in acting as an apologist for the
total system when such obvious
inequities exist in selected items.

STAT



Approved For Release 2003/05/06 : CIA-RDP87-01146R000100030004-6

STA
*D. J. Hill*GENERAL SERVICES ADMINISTRATION
WASHINGTON, D. C. 20405*Copies to* [redacted]

January 23, 1975

FEDERAL PROPERTY MANAGEMENT REGULATIONS
TEMPORARY REGULATION E-37

TO : Heads of Federal agencies

SUBJECT: Optional procurement of items available from GSA stock

1. Purpose. This regulation establishes the policy that GSA will not be a mandatory source of supply for domestic activities for items listed in the GSA Stock Catalog when the value of the requirement for the item is less than \$10.
2. Effective date. This regulation is effective on publication in the Federal Register.
3. Expiration date. This regulation expires June 30, 1975, unless sooner revised or superseded.
4. Applicability. The provisions of this regulation apply to all executive agencies except those subordinate elements which are located outside the conterminous United States, Hawaii, and Alaska.
5. Acquisition of GSA stock items.
 - a. GSA is a non-mandatory source of supply for activities in the conterminous United States, Hawaii, and Alaska for items listed in Section 1, Volume 1, of the GSA Stock Catalog when the total value of the line item requirement is less than \$10.
 - b. Executive agencies shall continue to requisition from GSA items listed in Section 1, Volume 1, of the GSA Supply Catalog when the total value of the line item requirement is \$10 or more.
 - c. As in the past, GSA will process all requisitions for stock items, regardless of value, from activities electing not to exercise the option provided by this regulation.

(Published in the Federal Register January 30, 1975)

FPMR Temp. Reg. E-37

January 23, 1975

6. Agency comments. Comments concerning the effect or the impact of this regulation on agency operations or programs should be submitted to the General Services Administration (FF), Washington, DC 20406, no later than February 28, 1975, for possible inclusion in the permanent regulation.


ARTHUR F. SAMPSON
Administrator of General Services

SUBPART 101-26.3 PROCUREMENT OF GSA STOCK ITEMS

101-26.305 (c)

✓ § 101-26.303 Out-of-stock items.

Generally, it is more advantageous to agencies if GSA back orders out-of-stock items than it is to cancel the items, as an order priority is established which normally ensures shipment within 30 days. Unless otherwise notified by agencies not to back order items, through FEDSTRIP advice codes 2C or 2J, a back order will be established. The requisitioning agency will be notified of the approximate date that shipment will be made. Upon receipt of the status notice, the agency shall determine if the estimated shipping date will meet its needs and (a) accept the back order, (b) request a suitable substitute item, or (c) request cancellation. Upon receipt of the request, GSA will inform the agency that a cancellation action has been taken.

§ 101-26.304 Substitution policy.

In supplying items requisitioned from GSA depot stock, GSA regional offices will substitute both regular and excess property without prior notification, unless the proposed substitute is used, reconditioned, or differs in some substan-

tial characteristic from the item requisitioned. Notice of intent to substitute will be given in all cases and, if desired, an opportunity will be provided to inspect the substitute prior to shipment.

§ 101-26.305 Submission of orders to GSA.

(a) Orders in FEDSTRIP format shall be submitted as prescribed in Subpart 101-26.2.

(b) Orders in other than FEDSTRIP format shall be submitted:

(1) In original only when for shipment to destinations in the United States, including Hawaii but excluding Alaska.

(2) In accordance with applicable GSA/agency agreements when for shipment to Alaska or for export to destinations outside the United States.

(c) Sufficient funds should be reserved by the requisitioner to cover expenses incurred by GSA in export packing, marking, documentation, etc. GSA will assess a surcharge on all material ordered and delivered to overseas customers. The surcharge is a percentage factor of the value of the material shipped. Information on the current percentage of surcharge may be obtained from the GSA regional office to which orders are submitted.

(NEXT PAGE IS 2611)